

# Quarterly GST options

## ! TERMS WE USE

When we say **pay GST amounts**, we mean **pay or claim a refund of GST amounts**.

Most businesses can choose how they report and pay their GST obligations. Your activity statement will show which options are available to you. Write 'X' in the box next to the option you choose for GST.

! If your business has a GST turnover over \$20 million, you must report and pay GST electronically, every calendar month.

Regardless of which option you choose, if you use the calculation worksheet method to work out GST amounts, you report GST-inclusive amounts. If you use the accounts method you can report either GST-inclusive or GST-exclusive amounts, but you should indicate on your activity statement which method you use. You do this by answering the question 'Does the amount shown at **G1** include GST?' located directly below label **G1** on your activity statement under Options 1 and 2.

> For more information on the calculation worksheet method, refer to *GST calculation worksheet for BAS* (NAT 4203).

## WHAT IS OPTION 1: CALCULATE GST AND REPORT QUARTERLY?

This option allows you to calculate, report and pay your actual GST amounts quarterly.

You can use either the accounts method or the calculation worksheet method to work out your GST amounts.

You must report amounts at the following labels on your activity statement:

- total sales (**G1**)
- export sales (**G2**)
- other GST-free sales (**G3**)
- capital purchases (**G10**)
- non-capital purchases (**G11**)
- GST on sales (**1A**)
- GST on purchases (**1B**).

If you have a wine equalisation tax (WET) or luxury car tax (LCT) liability or entitlement, you must also report these amounts each quarter (labels **1C**, **1D**, **1E** and **1F**). These labels are shown on your activity statement if you have these obligations.

## WHAT IS OPTION 2: CALCULATE GST QUARTERLY AND REPORT ANNUALLY?

This option allows you to report less information on your quarterly activity statement but still calculate and pay your actual GST amounts quarterly.

You can use either the accounts method or the calculation worksheet method to work out your GST amounts.

You must report amounts at the following labels on your quarterly activity statement:

- total sales (**G1**)
- GST on sales (**1A**)
- GST on purchases (**1B**).



If you have WET or LCT obligations, you must also report these amounts each quarter (labels **1C**, **1D**, **1E** and/or **1F**).

If you use option 2, you must complete an *Annual GST information report* to report annual amounts at the following labels:

- export sales (**G2**)
- other GST-free sales (**G3**)
- capital purchases (**G10**)
- non-capital purchases (**G11**).

You must lodge your *Annual GST information report* by the date your income tax return is due. If you are not required to lodge an income tax return, you must lodge your *Annual GST information report* by 28 February following the end of the financial year covered by the information report.

### WHAT IS OPTION 3: PAY GST INSTALMENT AMOUNT QUARTERLY?

If you are eligible, this option allows you to pay a quarterly GST instalment amount worked out by us (or varied by you) and report your actual GST information annually on an *Annual GST return*.

If you elect option 3, you must report amounts at the following labels on your annual GST return:

- total sales (**G1**)
- export sales (**G2**)
- other GST-free sales (**G3**)
- capital purchases (**G10**)
- non-capital purchases (**G11**)
- GST on sales (**1A**)
- GST on purchases (**1B**).

If you have WET or LCT obligations, you must also report these amounts on your annual GST return (labels **1C**, **1D**, **1E** and/or **1F**). These labels are shown on your annual return if you have these obligations.

You use your annual GST return to account for any difference between your actual GST liability and the total of your GST instalments for the year. You show the total amount of GST instalments that you paid for the year at label **1H** of your annual GST return. If your total instalments are more than your actual GST liability for the year, you claim a refund from us. If your total instalments are less than your actual GST liability, you must pay the difference to us by the time your annual GST return is due.

Under option 3, any refund you may be entitled to is paid after you lodge your annual GST return for a financial year, not after each quarter of that financial year.

### Are you eligible to use option 3?

To be eligible to use option 3 and pay quarterly GST instalments, you must:

- be a small business with an annual turnover (including the turnover of your related entities) of less than \$2 million or
- not operate a business, but be carrying on an enterprise with a GST turnover of \$2 million or less
- **not** report and pay GST monthly
- have lodged at least:
  - two quarterly activity statements or
  - four monthly activity statements or
  - one monthly and one quarterly activity statement
- **not** have any outstanding overdue activity statements
- **not** be in a net refund position.



For more information on accessing GST, other small business concessions, and calculating your annual turnover visit [www.ato.gov.au/SBconcessions](http://www.ato.gov.au/SBconcessions)

For more information on how to calculate your GST turnover, for purposes such as registration, refer to *GST for small business* (NAT 3014).

### Are you in a net refund position?

You are in a net refund position if the total of your GST refunds is more than the total GST paid on your previous activity statements. The number of activity statements you are required to take into account will depend on how long you have been registered for GST.

If you have been registered for 13 months or more, you take into account the activity statements you have lodged during the 12 month period which ends at the start of your current reporting period.

If you have been registered for less than 13 months and you have lodged quarterly, you take into account all activity statements you have lodged other than the activity statement relating to your first tax period. If you have lodged monthly, contact us on **13 28 66**.


**When do you elect to use option 3?**

If you are eligible to use the instalments option, we will notify you on your first quarterly activity statement, which covers the tax period 1 July to 30 September.

You must elect to pay GST by instalments by 28 October in the financial year to which your election relates. You notify us of this election by selecting this option on your first quarterly activity statement.

However, if at the end of your most recent tax period you have been registered for GST for six months or less, you have until the due date of your activity statement for the quarter in which you first become eligible to make your election.

If you are the representative member of a GST group, you may only elect to pay GST by instalments if you and all other members of the group are eligible. If you elect to use option 3, the instalments that you will pay will be on behalf of all members of the GST group.

 If you think you are eligible to use this option, but have not been advised of an instalment amount, you can contact us on **13 28 66**.

**If you elect to use option 3, when will your election take effect?**


Your election will take effect from the start of the earliest tax period for which your activity statement is not yet due.

You may request, in writing, that your election take effect from the start of an earlier tax period. However, we will only approve your request under exceptional circumstances.

If you make your election on or before 28 October in a financial year, it will take effect from 1 July of that year.

**Can you vary your GST instalment amount?**

Yes, you can vary the GST instalment amount we work out for you for any quarter if you think your total instalments for the year will be more or less than your actual GST liability for the year. However, you cannot vary your instalment amount below zero.

 If you vary one or more of your GST instalments, you may incur a penalty if the total of your instalments or the estimate of your annual GST liability you use to work out your instalments, is less than 85% of your actual GST liability for the year. However, if you pay the GST instalment amount worked out by us each quarter, there will be no penalty even if the total of these instalments is less than 85% of your actual GST liability for the year.

**How do you vary your quarterly GST instalment amount?**

- To vary your quarterly GST instalment amount you must:
- estimate your total GST liability for the year
  - add your varied instalment amount to the instalments you’ve paid for any previous quarters in the year to obtain your instalment figure
  - ensure your instalment figure is no less than the appropriate percentage of your estimated GST liability for the relevant quarter (see table below). If your figure is less than the percentage of your estimated GST liability, you may incur a penalty
  - write your varied amount at the relevant label on your activity statement or instalment notice
  - lodge your activity statement or instalment notice by the due date.

**Estimated GST liability for each quarter**

September quarter	25%
December quarter	50%
March quarter	75%
June quarter	100%

### When is your annual GST return due?

You must lodge your annual GST return by the date your income tax return is due. If you are not required to lodge an income tax return, you must lodge your annual GST return by 28 February following the end of the financial year.

### How do you change from option 3 to another reporting option?

If you want to change your GST reporting option from instalments to another reporting option and you receive an activity statement in your first quarter, you can advise us by electing a different option box on that activity statement. However, if you receive a Quarterly GST Instalment notice in the first quarter instead of an activity statement, you can still change your GST reporting option by:

- phoning **13 28 66**
- writing to us at **GPO Box 9990 in your capital city.**

You will need to notify us of your decision **on or before 28 October** if you want your change in reporting option to take effect for that financial year. If you don't notify us before that date, your change of reporting option can only be effective from the start of the following financial year.

### Do you need to re-elect option 3 each year?

No, you do not need to re-elect each financial year. Your election to use the instalments option will continue as long as you remain eligible. You will receive either an activity statement or a Quarterly GST instalment notice with a pre-printed instalment amount in Quarter 1. If you become ineligible (see 'When does my election cease to have effect?'), you will need to notify us so that we can send you a monthly or quarterly activity statement.

### When does your election cease to have effect?

Your GST instalment election ceases to have effect if:

- **you revoke it** (refer to 'How do I change from option 3 to another reporting option?') If you revoke your election on or before 28 October, your election will cease to have effect from 1 July of that financial year. If you revoke your election after 28 October, it will cease to have effect from 1 July of the next financial year
- **we disallow it.** Your election can be disallowed if we are satisfied you have failed to comply with one or more of your taxation obligations
- **you are only carrying on an enterprise (not a business) and on 31 July in a financial year, your projected GST turnover is greater than \$2 million or you are a small business with an annual turnover of \$2 million or more for an income year.** Your election will cease to have effect from 1 July of that financial year. From that time you will be required to report GST either quarterly or monthly

- **you are in a net refund position** (refer to 'Am I in a net refund position?'). If you are in a net refund position in a financial year, your election to pay GST by instalments will cease to have effect from the start of that financial year
- **there is a change in the membership of a GST group of which you are the representative member.** If that is the case, you will cease to pay GST by instalments from the time the membership changes. You will be required to lodge a GST return for the relevant period and pay or receive a refund of any difference between your actual GST liability and instalments you have paid on behalf of the group
- **you become bankrupt, go into liquidation or receivership.** Your election to pay GST by instalments will end the last day before such an event. You will be required to lodge a GST return for the relevant period and pay or receive a refund of any difference between your actual GST liability and instalments you have paid
- **you die, cease to carry on any enterprise or your GST registration is cancelled.**

### What if you are a primary producer or special professional?

If you choose to pay GST by instalments, you pay only two instalments (rather than four) if:

- you are running a primary production business in the year in which you choose to pay the GST instalments
- you are a 'special professional' for income tax averaging purposes (that is, you are an author, inventor, performing artist, production associate or sportsperson) in the year in which you choose to pay GST instalments
- your assessable primary production or special professional income was more than the deductions related to that income in your most recent income tax return.

If you don't meet these conditions, you must pay four instalments.

The two instalments are due to be paid by 28 April and 28 July. The instalment amounts are worked out so you pay 75% of your annual GST liability by 28 April and the remaining 25% by 28 July.

Although you pay only two instalments each year, your other GST instalment obligations are the same as businesses that pay instalments quarterly.



For more information, refer to *GST instalments* (NAT 4238).

**What do you need to consider before choosing option 3?**

You should consider the following points before choosing the instalments option.

- Once you choose the instalments option and 28 October passes, you cannot use a different option to report and pay your GST until the start of the next financial year.
- If you use this option, refunds are paid only after you lodge your annual GST return, not each quarter.
- If you vary your GST instalment amount and it is too low, you may incur a penalty.

**WHEN DO YOU LODGE AND PAY FOR OPTIONS 1, 2 AND 3?**

The following table provides a summary of the payment and lodgment dates for businesses that report and/or pay GST quarterly through their activity statement.

Quarter	Due date	Time to complete
September quarter	28 October	4 weeks
December quarter	28 February	8 weeks
March quarter	28 April	4 weeks
June quarter	28 July	4 weeks

If you have chosen to pay by instalments, these payments are also due on the dates shown above.

If you are a primary producer or a special professional who pays only two GST instalments for the year, your instalments are due on 28 April and 28 July.

If the due date falls on a weekend or a public holiday, you have until the next business day to report and pay.

If you choose option 2 or 3, your annual GST information report or annual GST return will be due by the date your income tax return is due. If you are not required to lodge an income tax return, your annual GST information report or annual GST return will be due by 28 February following the end of the financial year covered by that return or information report.

**➤ MORE INFORMATION**

For more information about options for reporting and paying GST, refer to:

- *Reporting GST monthly* (NAT 4150)
- *Report your GST once a year* (NAT 12906).

For a copy of these publications or any other information, you can:

- visit our website at **www.ato.gov.au**
- phone **13 28 66**
- write to us at **PO Box 9935 in your capital city.**

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

## OUR COMMITMENT TO YOU

We are committed to providing you with advice and guidance you can rely on, so we make every effort to ensure that our publications are correct.

If you follow our guidance in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our advice and guidance in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

You are protected under GST law if you rely on any GST advice in this publication. If you rely on this advice and it later changes, you will not have to pay any extra GST for the period up to the date of the change.

If you feel that this publication does not fully cover your circumstances or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at **[www.ato.gov.au](http://www.ato.gov.au)** or contact us.

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